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USDOC FOR 532/OEA/M. NICKSON-D/J. BANKINES/J. HATFIELD
USDOC FOR 3131/USFCS/OIO/ANESA/KREISSL
USDOC FOR 4530/MAC/ANESA/OSA
ICE HQ FOR STRATEGIC INVESTIGATIONS
STATE FOR EB/ESP

E.O. 12958: N/A

TAGS: [ETTC](#) [ETRD](#) [BEXP](#) [IN](#)

SUBJECT: EXTRANCHECK: POST-SHIPMENT VERIFICATION: SABERO ORGANICS
GUJARAT LTD., DIST. BULSAR, GUJARAT

REF: USDOC 00258

¶1. Unauthorized disclosure of the information provided below is prohibited by Section 12(c) of the Export Administration Act.

¶2. Acting Export Control Officer (ECO) David Nardella and BIS FSN Prem Narayan conducted a Post-shipment Verification (PSV) at Sabero Organics Gujarat Ltd. (Sabero)), Dist. Bulsar, Gujarat, on February 13, 2007. Sabero's Corporate Office is in Mumbai and plant is located approximately 200 kilometers north of Mumbai.

¶3. BIS requested a PSV at Sabero, a private sector company, located at: Plot No. 2102, GIDC, Sarigam 396155, Dist. Bulsar, Gujarat, Tel. 91-260-278-0395, Fax: 91-260-278-0853, Email: mp.desai@sabero.com, Website: www.sabero.com. The PSV was requested under EAR99/NLR. Sabero was listed as Ultimate Consignee for three (3) transactions of Lignin Pitch (Lignin Sulfonic Acid and its salts). The exporter was Meadwestvaco Corp., Garden Grove, CA.

¶4. ECO along with FSN Narayan met with J.S. Sethi (Sethi), Director-Corporate Affairs, V.K. Behl (Behl), Chief Operating Officer, M.P. Desai (Desai), Senior General Manager and Rajendra Neogi (Neogi), Chief Manager-Stores & Supply Chain, Sabero. Behl stated that the company is managed by two brothers, namely, Mohit Chuganee and Sumit Chuganee who are U.S. citizens.

¶5. Sabero executives had not previously been aware of the BIS export regulations. This was the first USG or BIS official visit to Sabero. They stated that Sabero regularly imports Lignin Sulfonic acid and its salts from Meadwestvaco. Behl stated that Reax 80D is the commercial name of this chemical. Neogi provided a set of documentation for one of the three shipments made to Sabero in August 2006. However, he provided complete consignment details of Reax 80D imported by Sabero from Meadwestvaco between April 2004 and February 2007. This included quantities in kilograms, B/E numbers, B/L numbers, and invoice numbers. The documentation pertaining to the Meadwestvaco shipment contained the Sabero Receipt Note, Receipt for customs duties paid at the Mumbai Port, Transporters Receipt for carrying the commodity from Mumbai Port to Sabero Plant, and Sabero Store Receipt.

¶6. Behl made a comprehensive slide presentation on the various agro-chemicals and specialty chemicals that Sabero manufactures. Included within this slide show was a detailed explanation of the usage and inventory control process for Reax 80D, the subject of this check. His presentation included the total quantity of Reax 80D that Sabero imported from Meadwestvaco from June 2005 to February 2007. He stated that the Reax 80D is a dispersing agent and is one of the raw materials used for producing various types and standards of Mancozeb, an agro-chemical. Mancozeb is a dithio

carbamate fungicide which is widely used against several crop diseases. It is applied prior to the fungus infestation. The particular uses of Mancozeb include control of early and late blight of potatoes and tomatoes, *Rhizoctania solani* and *Streptomyces* scabies on sweet potatoes, leaf spot disease on celery, cucurbits, beet, berries, currants, rusts on cereal, vegetables, roses, carnations, asparagus, beans, apples and plums, vines, onions, tobacco, and banana.

17. Sabero produces Mancozeb in various forms that include: wettable powder (WP) 75 and 80 percent concentration; water dispersible granules (WDG) 75 percent concentration; suspension concentrate (SC); suspo-emulsion (SE); and oil suspension (OS). He then described the manufacturing process of Mancozeb. First, carbon disulphide is reacted with ethylenediamone in the presence of sodium hydroxide; this results in sodium salt formation. The sodium salt formed is further reacted with manganese sulphate in an aqueous medium. In this reaction sodium ion is replaced by manganese. The product formed is separated from the aqueous by filtration. This initial product is called Maneb. The resultant wet cake of Maneb is mixed with water to form slurry before reacting with zinc sulphate, whereby crude product is formed. Further to this additives like HMTA (hexamethylenetetramine) and SLS (sodium lignosulphonate) are added. The crude product is then dried to get Mancozeb Technical. It once again goes through various manufacturing processes and subsequently Reax 80D along with other additives are added to make the end product Mancozeb WDG 75 percent concentration. A technical product is one that is the base from which a consumer product is made, through the addition of chemicals such as the Reax 80D.

18. His presentation highlighted that the other dispersing agents, such as Morwet D-425, are used to produce Mancozeb WDG 75 percent, Mancozeb SE 500 standard, Mancozeb SE 455 standard, Mancozeb SE 430 standard, Mancozeb SC 420, 430, 455 and 600 standards and Tergitol is used to make Mancozeb OS 600. ECO asked that why there are these

different standards. Behl stated that there is no difference except that every country has a different set of standards for Mancozeb. In order to match their customers' requirements they prepare Mancozeb standards accordingly. He confirmed that the application is the same for all of the different standards of Mancozeb.

19. Behl also produced a reconciliation statement for Reax 80D, for ECO and Narayan to review; this document reflected the opening and closing stocks, and amount consumed. After the meeting, ECO and Narayan were given a tour of the Sabero plant. ECO and Narayan were shown the manufacturing process of Mancozeb. They were also taken to two different lockable sheds where ECO and Narayan examined Reax 80D stock, and where the end product Mancozeb 75 percent WDG was stored. Sabero runs in three shifts and is guarded 24 hours a day. As stated by Behl, Sabero's operation and records are transparent, open to viewing and inspection at any time.

10. Incorporated in 1991, Sabero started manufacturing in 1994. It is a public limited company listed on the Bombay and the National Stock exchanges in India. Sabero manufactures agricultural chemicals that include acephate-tech & formulation, glyphosate-Tech and formulation, CPP-Tech & formulation, cypermethrin tech & formulation, monocroto-phos tech and formulation, dichlorovos tech & formulation, mancozeb technical, mancozeb 80 percent, mancozeb 75 percent, mancozeb WDG, red mancozeb, blue-green mancozeb, OS formulations, SE formulations and SC formulations. It also manufactures specialty chemicals that include phosphorus trichloride, phosphorus thiophosphorylchloride, trimethyl phosphate (TMP), triethyl phosphate (TEP), phosphorus oxychloride, hydroxyl ethyldane phosphate, dimethyl methyl phosphate, diethyl ethyl phosphate and tri butyl phosphate (TBP). Sabero executives claim that they are the global leader in TEP (very high purity), the Global leader in TMP (very high purity), and the third largest in the world in Mancozeb and largest in India in glyphosate. Sabero has subsidiaries in Netherlands, Australia, Brazil and Argentina. Of total production, 70 percent of its products are exported and 30 percent are sold in the domestic market. Sabero exports its products to approximately 62 countries including Australia, France, Italy, Russia, South Africa, Switzerland, U.K. and the U.S. Sabero employs 400 personnel including 102 engineers, 142 chemists, 3 Ph.D. Sabero's sales for FY 2006 were approximately \$50 million.

¶11. Recommendation: Post recommends Sabero Organics Gujarat Limited as a reliable user of U.S.-origin commodity. All indications are that the listed commodity is being used for its manufacturing process, and in accordance with the Export Administration Regulations. (DNARDELLA/PNARAYAN) Mulford